

INCOMING TELEGRAM

Department of State

ACTION COPY

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36-W  
Action

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Control: 1844  
Rec'd: NOV. 3, 1961  
2:23pm

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Info

FROM: DJAKARTA

L

TO: Secretary of State

H

NO: 821, NOVEMBER 3, 1 PM

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PRIORITY

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CONTINUING INCREASE OPEN MARKET PRICE OF RICE REACHING PROPORTIONS WHERE GOI OFFICIALS BEGINNING TO TALK OF IMPENDING DEMONSTRATIONS. THAI PRESS HAS ANNOUNCED ONLY 35,000 TONS FROM RECENTLY SIGNED 300,000 TON CONTRACT WITH INDONESIA AVAILABLE FOR SHIPMENT THIS YEAR, BALANCE 1962.

THIS PARTICULARLY OPPORTUNE TIME OFFER GOI SUPPLEMENTAL 50,000 TONS RICE AS AMENDMENT OCTOBER 26 TITLE 1 PL-480 AGREEMENT, NOT ONLY BECAUSE WILL TEND COUNTER RISING MARKET PRICES AND MEET URGENT NEED BUT WILL ALSO HELP COUNTER EXPECTED ADVERSE REACTION US ANNOUNCEMENT OF INCREASE SALES FROM RUBBER STOCKPILE. ACCORDING REPORTS RECEIVED HERE FROM SINGAPORE, ANNOUNCEMENT CAUSED 10 PER CENT DROP RUBBER PRICE AND RUPIAH HIT LOW OF 350 TO DOLLAR.

ADVISE PRIORITY AUTHORITY MAKE OFFER ADDITIONAL 50,000 TONS FOR IMMEDIATE DELIVERY.

BP

(3)

NOV 3 1961  
MESSAGE CENTER  
CONTROL  
IN 1961 CUT

JONES

NOV 20 1961

FILE

UNCLASSIFIED FILE  
XR 411.9841

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OFFICE SYMBOL			

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DECLASSIFIED  
Authority NND 949570  
By GPO NARA Date 8/4/00

# OUTGOING TELEGRAM Department of State

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Origin  
Info:

**ACTION:** Amembassy DJAKARTA - PRIORITY VERBATIM TEXT

**INFO:** Amembassy ROME 1379  
ROME FOR TETRO FOR SECRETARY FREEMAN  
Your 821, 821

You authorized propose to GOI exchange of following note (unnecessary words omitted) to amend Title I PL 480 Agreement October 26, 1961, to supply additional 50,000 MT rice. All other provisions October 26 agreement remain unchanged. If note acceptable GOI without change, you authorized make exchange without further reference to Department except to furnish 72 hours' notice of scheduled date and hour. Confirm exchange priority in clear. Forward documents per 4 FSM 326.

**Excellency:**

Have honor refer to Agriculture Commodities Agreement entered into by our two Governments on October 26, 1961 and to accompanying exchange notes, and, in response to request of Government of Indonesia, to propose that this Agreement be amended as follows:

1. Change Commodity provision of Article I to read:

"Rice	-	\$11,600,000
Ocean Transportation (Est.)		<u>1,825,000</u>
<b>Total</b>		<b>\$13,425,000"</b>

(2)

611984/11-361

Drafted by: USDA: FAS: AMRoller/son OR: CSD: GGPetrow: mh		Telegraphic transmission and classification approved by: E - Mr. Trease
Clearances: ISCR SPA: Mr. Jarvis L/E: Mr. Bilder L/T: Mrs. Bradford		OR: CSD: Mr. Gilbert OR: Mr. Bramble
SEA: Cleveland FN: Mr. Cheney ED: Mr. Schweitzer CU: Mr. Nelson		REPRODUCTION FROM THIS COPY IS PROHIBITED UNLESS "UNCLASSIFIED"
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DS-322

NOV 8 1961 P.M.

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Page 2 of telegram to Amembassy DJAKARTA - PRIORITY

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~~Classification~~

Have honor propose this note and Your Excellency's reply concurring therein shall constitute Agreement between our two Governments this matter to enter into force on date Your Excellency's note in reply.

Accept, Excellency, renewed assurances my highest consideration."

Rusk

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By CP NARA Date 8/4/00

ORIGIN *85*

*E-9*

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WH-MCG-1



DEPARTMENT OF STATE  
INSTRUCTION

FOR RM/R USE ONLY

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NO: W-39 November 3, 1961

SUBJECT: Changes in Title I PL 480 Negotiating Instruction

REF:

TO: American Embassy, DJAKARTA

Following changes should be made in draft agreement of proposed Title I, PL 480 sale (W-3 of July 12, 1961) as result recent amendments to PL 480 legislation:

1. Article I - Substitute following language for paragraph 1: "Subject to issuance by the Government of the United States of America and acceptance by the Government of Indonesia of purchase authorizations and to the availability of commodities under the Act at the time of exportation, the Government of the United States of America undertakes to finance the sale for rupiah to purchasers authorized by the Government of Indonesia of the following agricultural commodities in the amounts indicated."

Comment: Recent amendment to PL 480 requires that eligible commodities be surplus at time exportation. In practice, this represents no change from previous agreements with Indonesia as we have administratively operated this basis since 1954. No problems anticipated as result this legislative requirement.

2. Article II, paragraph 1 - Replace letter (r) with letter (s), thus adding new currency use.

Comment: Subsection 104(s), which authorizes sale of currency for dollars to American tourists as President may direct, has been added to Section 104. You should call this provision specifically to attention GOI. While inclusion this subsection will not be made mandatory condition signing Title I agreements, we anticipate including it in all draft agreements despatched for negotiation. If GOI raises serious objections, you should report them to Washington.

3. Article III - Delete text of Article III contained in draft sales agreement transmitted with W-3 and substitute for it text of Article III contained in W-23. Insert following phrase, set off by commas, at end first line second paragraph Enclosure #4 to W-3:

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"pursuant

DRAFTED BY: FAS:Mr. Rollifson  
OR:CSD:CGPetrow

CONTENTS AND CLASSIFICATION APPROVED BY:  
E - Philip H. Trazisa

CLEARANCES:  
SPA:MR. Thrasher  
L/E:Mr. Tendler  
L/T:Mrs. Bradford

FN:Mr. Cheney  
ED:Mr. Schmeisser  
ICA:Mr. Campbell  
ICA:Mr. Burgess  
ICA:Miss Thompson  
GSD:Mr. Gabbert  
OR:Mr. Bramble

FORM 3-61 DS-972

8/5/61  
NOV 8 1961 PM  
GPO 509028

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By GPO NARA Date 8/4/00

W-39, Jakarta

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- 2 -

"pursuant to the provisions of subparagraph 1(b) of Article III."

Comment: This new deposit rate language is necessitated by recent amendment (so called Ellender amendment) to PL 480. Amendment is explained in CA-175 and W-23. No changes, other than one specified above, are required in deposit rate paragraph in enclosure #4 since interested agencies are satisfied deposit rate arrangement proposed W-3 meets requirements Ellender amendment.

4. Enclosure #3 of W-3: In unnumbered paragraph following paragraph 1, delete "the rupiah equivalent of \$1,303,000 accruing under" and substitute "two percent of the rupiah accruing pursuant to."

Comment: New legislation changes language in subsection 104(a) to give USDA greater authority to use foreign currencies for agricultural market development and requires provision for convertibility of not less than two percent of proceeds from both sales and loan agreements for this purpose. New provision for convertibility of loan repayments, including principal and interest, has been determined not to be applicable to 104(e) (Cooley amendment) loans. Revised draft loan agreement reflecting this and other changes attached.

BOWLES, ACTING

Enclosure:

1. Draft loan agreement

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By CD NARA Date 8/4/00

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961 NOV 6 PM 3 54  
See DCT only.

02404

Origin  
Info:

ACTION: Amembassy DJAKARTA  
Your 817-411-9841/11-261  
XR 611-9841

Revisions draft sales agreement multi-year Title I PL 480 program airpouched  
November 4.

Rusk

RUSK

Djakarta 486

611-9841/11-661

(2)

Drafted by: OR:CSD:CGPetrov:mb:11/6/61  
Clearances: FAS:Mr. Kross

Telegraphic transmission and  
classification approved by: OR:CSD: Howard M. Gabbert  
SPA:Mr. Jarvis

S/SCR

NOV 8 1961

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By GPO NARA Date 8/4/00

INCOMING TELEGRAM

Department of State

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Action

Control: 4850

AGR

Rec'd: Nov. 8, 1961

11:26

Info

FROM: Djakarta

SS

TO: Secretary of State

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NO: 853, November 8, 3 p.m.

FE

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AID

AGRICULTURE FOR KROSS SHERMAN FROM SCHILLING WINBERG

P

USIA

Reference: EMBTEL 556

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In absence knowledge of composition calendar 1962 program contained draft sales agreement airpouched November 4, offer following comments re cotton:

In 61 Indonesia will import about 23,000 bales all from US with free dollars leaving estimated 4 months stocks January 1, 1962 according GOI officials. Indonesia now has 208,000 spindles operating, to which 340,000 will be added CYs 62, 63. Working 283 days 3 shifts 6 day week, cotton requirements CY 62 calculated at 102,000 bales. Deducting usual import requirements of 17,000 bales, 85,000 bales under Title I needed. However, suggest offer minimum 44,000 bales originally allocated GOI CY 62 in first draft agreement unless is possible increase quantity under new Title I policy. GOI informed additional cotton possibly available under Title IV. Usual marketings shortfall CY 1960 of 3,500 believed made up in CY 1961 according GOI. Evidently GOI will (#) for third country processing suggest include 110,000 bales originally allocated CY 61 though actual requirements closer 155,000 bales.

RGD

(#) Omission, correction to follow.

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INCOMING TELEGRAM

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37-H

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Action  
E

Control: 8034

Rec'd: Nov. 14, 1961  
11:03 am

Info

FROM: Djakarta

SS

TO: Secretary of State

TL

NO: 885, November 14, 1 p.m.

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Reference: DEPTTEL 501.

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Note acceptable GOI without change. Exchanging notes November 17 at 1000 hours.

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ACTION ASSIGNED TO: F. 0. 2. 5. 0		ACTION TAKEN: None	
NAME OF OFFICER: C. H. P. 5. 0		DATE OF ACTION: 11/15/61	
OFFICE SYMBOL: C. H. P. 5. 0		DIRECTIONS TO RM/R: Microfilm by RM/R	

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By GP NARA Date 8/4/00

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24  
INCOMING TELEGRAM

Department of State

C 52- million  
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57-W

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Action

Control: 8303

Rec'd: November 14, 1961

8:57 pm

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Info

FROM: Djakarta

TO: Secretary of State

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FE

NO: 884, November 14, 10 a.m.

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PRIORITY

Reference: DEPTTEL 486.

Revisions draft sales agreement received instruction W-39  
omits any reference calendar years involved and commodity  
composition, request urgent reply suggestions contained  
Embassy despatch 197 to enable negotiations proceed.

NOV 15 1961  
IN-OUT  
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Note: Message serviced for correct serial number 11/14/61

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By NARA Date 8/4/00

48  
**OUTGOING TELEGRAM Department of State**

INDICATE: ☐ COLLECT  
☐ CHARGE TO

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Classification

1961 NOV 15 PM 3 11

06556

Origin

**ACTION: DJAKARTA**

Your 885/11-1461

**PRIORITY**

Info:

6119841  
W-39 contained only changes draft Title I PL 480 multi-year sales agreement required by recent amendments PL 480. Changes in commodity composition; period of agreement, etc, sent A-33 which should reach you about November 17.

Rusk

RUSK

(2)

Drafted by: OR: CSD: CGPetrov: bad: 11/15/61

Telegraphic transmission and classification approved by: OR: CSD: H. Gabbert

Clearances:

SPA: Mr. Thrasher

S/S CR

**CONFIDENTIAL**

Classification

FORM DS-322 NOV 15 1961 PM

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By NARA Date 8/4/00

INCOMING TELEGRAM

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Department of State

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48

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Action

Control: 11300

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Rec'd: November 18, 1961  
7:33 a.m.

Info

FROM: Djakarta

L

TO: Secretary of State

FE

NO: 908, November 18.

AID

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Reference: Department telegram 821.\* - no such number

Notes dated November 17 exchanged.

JONES

MM-2

\*As received

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By GPO NARA Date 8/4/00

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(Security Classification)

DO NOT TYPE IN THIS SPACE  
611.9841/11-2161  
VR 411.9841

FOREIGN SERVICE DESPATCH

FROM : Amembassy DJAKARTA  
334  
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.  
November 21, 1961  
DATE

REF : NOV 21 1961

35 For Dept. Use Only	ACTION	DEPT.
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	L-3 11-28	RAIR-2 Rep-1 INR-7 FE-4 E-3 AID-11 CIA-11 AGR-20 COM-10 TAR-2 TR-3 JRB-3 XMB-4

SUBJECT: Transmittal of Exchange of Notes Under P.L. 480. OSD-4 75A-4

ATTENTION: Assistant Legal Adviser for Treaty Affairs

Forwarded as enclosure No. 1 to this despatch is a certified copy of the Embassy's Note No. 365, dated November 17, 1961, which was signed by the Ambassador. The original of the Department of Foreign Affairs' confirming Note dated November 17, 1961, signed by the Secretary General is forwarded as enclosure No. 2. The Embassy's Note and the Department of Foreign Affairs' confirming Note amends the Agricultural Commodities Agreement of October 26, 1961 to increase the quantity of rice by approximately 50,000 metric tons. This rice is to be financed under Title I of Public Law 480.

For the Ambassador:

*Jack W. Lydman*

Jack W. Lydman  
Counselor of Embassy for Economic Affairs

Enclosures: *ad* *cc* *cc*

1. Certified copy of the Embassy's Note No. 365, November 17, 1961.
2. Original of the Department of Foreign Affairs' confirming Note dated November 17, 1961.

*file* *12/5/61*  
*Original enclosures retained in h/T;*

LEGAL ADVISER  
NOV 20 1961  
DEPARTMENT OF STATE

*Photostats attached.*

*cow*  
COWinberg:ae  
REPORTER

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Authority: *AND 949570*  
By: *CD NANA* Date: *8/4/00*

Enclosure No. 1 334  
Dated Nov 21, 1961 at Djakarta

THE FOREIGN SERVICE  
OF THE  
UNITED STATES OF AMERICA

REPUBLIC OF INDONESIA  
ISLAND OF JAVA  
CITY OF DJAKARTA  
EMBASSY OF THE UNITED STATES  
OF AMERICA

SS:

I, Jacob Walkin, Consul of the United States of America at Djakarta, Java, Indonesia, duly commissioned and qualified do hereby certify that the annexed note No.365, dated November 17, 1961, from the Ambassador of the United States of America to the Secretary General of the Department of Foreign Affairs of the Republic of Indonesia, is a true and correct copy of the original, the same having been carefully examined by me and found to agree word for word and figure for figure with the said original.

IN WITNESS WHEREOF I have hereunto set my hand and caused the seal of the Embassy of the United States of America at Djakarta, Java, Indonesia, to be affixed this twentieth day of November, 1961.

*Jacob Walkin*  
Jacob Walkin  
Consul of the United States of America  
at Djakarta, Java, Indonesia.

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Authority NND 949570  
By CP NARA Date 8/4/00

Djakarta, November 17, 1961.

No. 366

Excellency:


I have the honor to refer to the Agricultural Commodities Agreement entered into by our two Governments on October 26, 1961, and to the accompanying exchange of notes, and, in response to the request of the Government of Indonesia, to propose that this Agreement be amended as follows:

1. Change the commodity provision of Article I to read:

"Rice	\$11,800,000
Ocean transportation (estimated)	1,825,000
Total	\$13,625,000"

I have the honor to propose that this note and Your Excellency's reply concurring therein shall constitute an agreement between our two Governments in this matter to enter into force on the date of Your Excellency's note in reply.

Accept, Excellency, the renewed assurances of my highest consideration.

  
Howard P. Jones  
Ambassador Extraordinary  
and Plenipotentiary

His Excellency  
R. Soewito Kusumowidagdo,  
Secretary General,  
Department of Foreign Affairs,  
Djakarta.

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Authority NND 949570  
By CD NARA Date 8/4/00

DEPARTEMEN LUAR NEGERI  
REPUBLIK INDONESIA

Enclosure No. 2 Despatch No. 334  
Dated Nov 21, 1961 from Djakarta.

Djakarta, November 17, 1961.

No. 1312/61/06

Excellency:

I have the honour to acknowledge receipt of your Excellency's note no. 365 dated November 17, 1961, which reads as follows:


"I have the honor to refer to the Agricultural Commodities Agreement entered into by our two governments on October 26, 1961 and to the accompanying exchange of notes, and, in response to the request of the Government of Indonesia, to propose that this Agreement be amended as follows:

1. Change the commodity provision of Article I to read:	
Rice	\$11,600,000
Ocean transportation (estimated)	1,825,000
Total	\$13,425,000

I have the honor to propose that this note and your Excellency's reply concurring therein shall constitute an agreement between our two governments in this matter to enter into force on the date of your Excellency's note in reply".

I have the honour to confirm, on behalf of my Government, that your Excellency's note and this note in reply concurring therein, constitute an agreement between our two Governments in this matter to enter into force on this date.

Accept, Excellency, the renewed assurances of my highest consideration.

  
S. R. Suwito Kusumowidagdo  
Secretary General,  
Department of Foreign Affairs.

His Excellency  
Howard P. Jones,  
Ambassador Extraordinary  
and Plenipotentiary,  
Embassy of the United States of America,  
Djakarta.

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Authority AND 949570  
By CD NARA Date 8/4/00

INCOMING AIRGRAM

Department of State

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Action

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OSD-20

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CONTROL

DEC 6

OUT 1961

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XP 411.9841

PAGE 1 OF 2 PAGES

Date Sent: November 30, 1961

Rec'd:

DEC 4 1 42 PM '61

FROM: Anembassy, DJAKARTA

TO: Secretary of State

NO: A-2 2

Subject: Request for Inclusion of Grant in October 26, 1961, PL 480 Agreement

The Department of Foreign Affairs of the Government of the Republic of Indonesia has requested by Note No. 1315/61/06, dated November 20, 1961, that 37 1/2 percent of the proceeds of the Title I PL 480 Agreement signed October 26, 1961, and amended November 17, 1961, be made available to the Government of Indonesia on a grant basis. The Note reads as follows:

"The Department of Foreign Affairs of the Republic of Indonesia presents its compliments to the American Embassy and with reference to the Agricultural Commodities Agreement between the Government of the United States of America and the Government of the Republic of Indonesia signed on October 26, 1961, as amended, has the honour to communicate the following to the American Embassy.

"After due consideration, the Indonesian Government wishes to request the American Government that the same policy of grant in the Agricultural Commodities Agreement between the two Governments signed on November 5, 1960 at Djakarta be applied in the new Agreement.

"The Department of Foreign Affairs, therefore, would be most grateful if the Agreement signed on October 26, 1961, as amended, could be amended to include a grant to the Government of Indonesia of 37 1/2% of the rupiah received by the American Government under the Agreement.

"The Department of Foreign Affairs of the Republic of Indonesia avails itself of this opportunity to renew to the American Embassy the assurances of its highest consideration."

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By GPO NARA Date 8/4/00



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Background

In preliminary discussions of a proposed multiyear Title I PL 480 program for Indonesia, the Embassy was informed that it was President Sukarno's wish that future PL 480 programs not include grants. Therefore, in the early negotiations for the short-term rice agreement (as signed October 26, 1961, and amended November 17, 1961) grants were deleted. However, at the end of the negotiations the Department of Foreign Affairs officials then requested that the proceeds be distributed the same, percentage-wise, as for the November 5, 1960, agreement and the President's ban on grants would apply to the multiyear program and not to the short-term agreement. By that time and in view of Indonesia's urgent need for rice, it was too late to obtain the Presidential waiver and so grants were excluded. The Department of Foreign Affairs officials were notified that a request for an amendment of the distribution of the sales proceeds to include a grant would be considered. This Note is the result of the desire of the Government of Indonesia to include a grant in this agreement.

Action Requested

The Embassy recommends favorable consideration of the Government of Indonesia's request to grant 37 1/2 percent of the proceeds of the October 26, 1961, agreement to the Government for economic development purposes.

JONES

*Jwb*

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AGRIC:COWinberg:vf  
11-28-61

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By *CD* NARA Date *8/4/00*